

# Business Ethics: Teleological Effects of Retrenchment at Toyota

## 職業倫理：トヨタの緊縮の目的論的效果

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**Keywords :** Teleology, Utilitarianism, Egoism

**Abstract :** この文書は、トヨタが発表したメルボルン西郊外にあるアルトナ工場の労働者350人を解雇したことについての評価である。オーストラリアの新聞によれば、従業員の削減は通告されず、解雇の過程において不当な扱いであった。従業員の10%という解雇の経緯においては、ヒューマニズムに欠けるが、長期的視点からその決断を考えれば、目的論的な選択は企業の最善の利益に繋がる行為であるともいえる。従って、たとえ、その個人がフルタイムの雇用や家族を支える立場であったとしても、トヨタの従業員の解雇は不当な行為ではないといえる。

**キーワード :** 目的論, 功利主義, エゴイズム

### Introduction

As an employee at Toyota Australia, a subsidiary of Toyota Motor Corporation, it must have been a shock for them to walk into work and find their employment contract at the company has been terminated without any warning. Furthermore, being shuffled along by security personal holding watch dogs, demanding these unwanted staff to clear out their lockers and leave the premises immediately, must be the worst nightmare for those intending to begin a shift. This paper aims to clarify the decision made by Toyota, Australia, when they sacked staff without any notice in April, 2012. Looking at this unfortunate occurrence through teleological perspectives then logically, this action was the correct choice. Even if, it appears unfair or even cruel to those people involved. Despite the company instigating the terminations in an aggressive manner, Toyota is fair in their actions. Nevertheless, the newspaper article published by The Australian indicates otherwise. Through critically analyzing the report, the different agents involved in this termination process will be elaborated upon. Identify egoistic intensions as well as utilitarian actions justify

Toyota's arbitration. From this point of view, staff cuts were the best choice in the long term. In this process the writer's intension is for the reader to appreciate the complexity of decision making. The processes of making changes may cause short term lose, but produce long term benefits. Therefore, centering attention on the long term is of higher importance than being loyal in the short term.

### Part 1. Toyota Announce Staff Cuts

Details from The Australian Newspaper, Akerman (2012) describes unfortunate circumstances caused by the global economic downturn have put Toyota in a position where they needed to retrench ten percent of their staff. That percentage in numbers adds up to a total of three hundred and fifty people. Many of these members had been working at the company for several years. Furthermore, Toyota Australia has been in operation for almost half a century, which suggests there are strong ties to the community on many levels. It would be fair to suggest those employees must have had loyalty to Toyota and were bitterly disappointed to be separated from a company. In addition, Akerman (2012) expresses

dissatisfactory circumstances the sacked employees faced, explaining they came into work without any knowledge or warning of what was about to happen to them. They were escorted off the plant by security accompanied by guard dogs. This explanation suggests, those people were treated like criminals. And accordingly, they were given a description of why they had been retrenched on a sheet of paper, which only briefly gave a reason why they were no longer wanted at the plant. Apart from the eighty eight workers who volunteered and took redundancy packages, many of the sacked workers were irate with the way the dismissals were carried out. Akerman's articles goes on to point out, Japanese car manufacturer Toyota has been hit hard by economic downturn and had no other option than to make redundancies in the assembly areas. Additionally, competing manufactures Holden Australia and Ford Australia (both subsidiary companies of General Motors Group America and Ford Motor Car Company America) have been able to withstand the economic downturn in the industry by making a deal with the government to provide financial support. These negotiations have ensured operations can continue until at least 2016. Accordingly, this provision guarantees employment for employees belonging to those companies.

### Staff Reaction

Any person being forced into unemployment naturally would be unsatisfied. In the review from Akerman (2012) descriptions from three staff members were conveyed. One member Mr. Sam Taddesse who had been employed for 18 years described the experience in the following way:

*"I never expected from my company to be treated like this," he also said, "They treat you like a slave, for 18 years of work we should get something better. It's very, very sad for me."*

Mr. Taddesse was understandably dissatisfied by the way Toyota issued out terminations. He was not given an opportunity to debrief with other employees

or even given a chance to say farewells. He was escorted off the premises by security in swift fashion. One more person, Mr. Chang Kim, who had worked in production for 24 years was not happy at the explanation he received for his firing and expressed similar dissatisfaction. Another employee of 15 years Paul Polistena said the following:

*"They preach about family this company but they treat you like dogs," Mr. Polistena added, "I know why I got the flick because I'm a health and safety rep and a strong one so if they get rid of me it's very easy (to run the plant)."*

To clarify Mr. Polistena statement, he pointed out, because of his status as a leader; he was one of the employees who would most likely speak up against managements decisions. Clearly, from the reaction of the three spokespeople in the article, the workers would have felt better if the management approach to terminating employment in a more amiable fashion.

## Part 2 Ethics

### Moral Agents

It is important to indicate a business or corporation in essence is fundamentally interested in making money and profiting. Toyota is no different to any other company, it has no soul. Only a human possesses the power to feel anything for the choices that have been made. Therefore, as having an identity without a spirit, a company does not have the ability to be morally responsibility for making correct decisions based on decency. The people who are employed and representing the company are responsible. They are the agents responsible for conducting activities. Yet, the company itself does not have a soul or any means of monitoring itself. Therein, the business cannot be held responsible for immoral acts. Only the people making decisions on behalf of the company can be held responsible. As with those people who are legally responsible, a business can be punished for decisions that were made on their behalf. But as a company, it cannot make compassionate

decisions. Nevertheless, corporations should commit to conducting business ethically, by rewarding employees who work with excellent social standards, this goes from the top positions, for example, the Chief Executive Officer or president, down to the lowest ranked position such as a janitor (Shaw, Barry and Sansbury, 2009).

### Moral Dilemma

In business and in life, a person may have a different philosophy on how to approach the two. Carr (1968) proposed a theory that business was a type of game. The title of the paper he published 'Is business bluffing ethical', illustrates this point. Without doubt, rules in the workplace are different to those in regular society. The rules of the game in business may be seen as less virtuous as one seen in personal relationships. Carr's theory indicates business is just a game and rules can be bent a little in order to gain forward momentum. In the course of enhancing one own person position, a person may act less morally and ethically at work than they would outside in society. Brant (1979) points out in situations where somebody acts outside of their personal principles they tend to have feelings of guilt. This would be a natural indicator to making a wrong decision.

A spokesperson for Toyota denied feelings of any wrongdoing in the management of the retrenchments. In the piece from Akerman (2012) points out a quote from a Toyota representative Beck Angel who described the event in the following way, that appears just. It writes "*denied the redundancy strategy was absolutely not heavy-handed, adding that security had been stepped up at the union's request during the 10-week negotiating period*". This appears that the representative was following legal protocol. Whether the representative had feelings of guilt after she had said this, can only be answered by her.

### Egoism

On each level of business all the different agents are naturally looking for the best outcomes for

themselves. For example, egoism can be described in the following ways. First, the business wants to make a profit for itself. Second, the workers want to make a reasonable amount of money for befitting services they provide. Third, the shareholders want to make as much profit as possible for their investment. Finally, the customer wants to receive the highest quality product, at the lowest possible price. There may be other agents involved in business, not just the four agents mentioned above. Naturally, all want to receive the most long term benefit for itself. Accordingly, egoism is each agent fundamentally looking out for self above all other agents. Unknowingly, this situation can sometimes be mistaken with an agent that wants to appear considerate to other agents. This agent may suffer a loss in the short term, all for the intension to benefit in the long term. Egotistical actions which appear brave may include the following examples. An employee may fights for the company's good name, but they really want to secure their own position. Likewise, the manager's expresses disappointment at the sacking, but underneath the mishap, they are really happy to have a job for themselves. Agents may take a blow in the short term, for their own best interests in the long term. Egoism has no other intention other than advancing its own position. Even though being egotistical appears negative, it also would appear to be an essential human endeavor held by every person. Making decision involves considering personal long term best interests and this action would seem natural. Those desires are the driving force that effect ones future happiness. Clearly, one of the problems in fulfilling personal goals is those means of reaching them. The path to success may be littered by immoral acts or underhand tactics. Be that as it may, there are situations that an agent may appear to not be working for personal gain, when in essence it is all they are doing (Shaw, Barry and Sansbury, 2009).

Shaw, Barry and Sansbury (2009) further point out, for the business to survive it needs to make some tough decisions and put the survival of the business first, before anything else. Therefore, self-

preservation is a higher priority than loyalty to staff. In this current economic situation, the Toyota Company was unable to maintain sales. Therefore, the personnel in the production section were the first in line to be laid off. For a business to run effectively, the dismissal proceedings would not want to take a lengthy amount of time. Otherwise, it would mean the business would have been further affected.

### **Utilitarianism**

In the previous paragraph, Shaw, Barry and Sansbury (2009) indicate egoism looks at the consequential effects to oneself, yet consequential perspectives can also consider in ways of numbers. Utilitarianism is concerned with the greatest good for the largest number. In this case, Toyota made a decision to not cut the majority of their staff. Furthermore, they offered packages to everyone who was willing to agree to the fair terms. Seemingly, this was fairly attractive offer that eighty eight staff accepted. Clearly, there were no bright prospects for those two hundred and sixty two who chose not to comply. Nevertheless, over 3000 staff members are still employed at the Toyota plant. This statistic supports the utilitarian view would see this as a good result. Those ninety percent of the company that still kept their jobs may be grateful to be still in employment. So if the staff were evenly divided up into distributed units, then only one out of ten units would be lost. The greater amount of happiness would be experienced by the higher percentage of people. Shaw, Barry and Sansbury (2009) indicate 0.07 percent of the workforce is not happy in whatever vocation they have chosen. Toyota provided attractive redundancy packages which most of that group of unsatisfied employees could benefit from. To add, Toyota have not lied or covered up information, unfortunately, they were placed into a position of having to make a tough decision for survival. In the scenario they had kept those staff then they may not have been able to maintain business. Under that circumstance it would mean the entire group of staff tallying over 3000 people would lose their jobs. Toyota did not gamble with the entire

company, they made tough decisions for the greatest possible number of employees at its organization. Additionally, the interest of Toyota is to provide profits for the shareholders. When the business is successful by creating wealth through profit then the community this business operates in will share in the rewards of the financial success also. If Toyota was to close the business completely that would mean the community of Altona, Melbourne where the plant is, would need to find ways of generating revenue in that area.

### **Objective Views**

Even though the teleological decision to cut staff may end up being the correct decision for the business, by ensuring they remain financially afloat, does not mean it was completely right in the actions to retrench its workers without warning and under such intimidating means. The abrupt notification of work termination along with being escorted off the plant by force could be seen as immoral. According to deontological perspectives, this case would be seen critically. Because of the wrong method of termination, the act was simply not right. In this view Shaw, Barry and Sansbury (2009) point out consequences are still important, yet the moral action is of higher significance. In non-consequential thought or deontological opinion the focus remains on ethics of morality. This view draws from the theories of Immanuel Kant around three centuries ago. His concepts which include 'good will', that being acting from principle of doing the right thing. Kant called this 'categorical imperative'. In this situation, the people being retrenched without notice and escorted off the worksite life animals was wrong. Kant also inferred a concept of 'universal law' that an action that is right should be done in every situation. In this stance, if the writer of this work was one of the workers then I would not agree with the way Toyota conducted the terminations. Finally, Kant pointed out people should not be treated as a means to reach as goal; instead, people are what is important and should be treated as the end. The people (staff) should be what are important. Finally, Egoism and

utilitarianism perspectives can be quite complex and tricky to know whether the greatest amount of good really has prevailed.

### Conclusion

This analysis of the newspaper article produced by The Australian makes an account for the events that forced Toyota to sack three hundred and fifty workers in Altona, Melbourne. In this appraisal, the columnist has focused attention on the deontological perspectives of this unfortunate event. For the reader of this printed press, they would have the impression that Toyota have acted without remorse and are inhumane in the handling of this event. Yet, when changing the analytical perspectives, the reader understands business has a responsibility to survive and make profit. Therein, it cannot be responsible for acting irresponsibly in the retrenchment of those staff. Retrenching long term members is an act Toyota was forced into through the economic situation of the world's economy. Other car manufactures were able to survive through government assistance and naturally, it would be assumed Toyota would have retained those workers under those conditions too. As for the managers who represented Toyota, whether their methods of hiring security guards to usher sacked workers off the premises was excessive, might well be extreme, but there really is no way of sacking somebody nicely. It is very unfortunate for the sacked workers and their families to have had this experience, yet as a business Toyota acted with the greatest good for the greatest number, with its own survival in mind. Kantian theories of goodwill, universal law and treating people as an end not as a means to an end may disagree, however if a business acted with deontological philosophies then they would not be able to compete or make profit.

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